A New Agenda For Public Accountability

November 13, 1990

Saskatchewan
Finance

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A NEW AGENDA FOR PUBLIC ACCOUNTABILITY

INTRODUCTION

For the past 30 years, the processes of financial accountability have not changed in Saskatchewan. In the same period, the public's interest in how money is spent has increased.

Through initiatives like Consensus Saskatchewan, the public has clearly stated that it is interested in having access to better information. The public considers it an obligation of government to provide information in understandable terms.

In response to the recommendations of Consensus Saskatchewan, the Government has prepared a package of initiatives that will standardize, simplify and broaden the process of public accountability.

The Government recognizes its responsibilities in managing taxpayers' dollars. Further, it believes a well informed public is essential in setting spending priorities. To these ends, the initiatives outlined in this paper improve the accountability processes for government organizations. The objective is to provide regular, reliable communication with the public on all aspects of government spending.

This package of initiatives:

- strengthens the role of the Provincial Auditor and enhances the Auditor's independence;
- improves the accountability of government organizations; and,
- provides for timely and relevant financial information.

ROLE OF THE PROVINCIAL AUDITOR

The Provincial Auditor determines whether the Government has legally and properly accounted for the public's tax dollars. The Auditor has access to the records of all government organizations and is responsible for communicating findings to the public.

The public has indicated that the role of the Provincial Auditor, as an independent watchdog over government spending, should be reinforced.

The Government will address this issue in two ways: by examining value-for-money auditing; and by amending the budget approval process for the Provincial Auditor.

Value–For–Money Auditing

The public, through Consensus Saskatchewan, has indicated that the Provincial Auditor's responsibilities should be expanded to include a value–for–money mandate.

The public deserves value for its tax dollar. With this in mind, **the Government will examine the options for value–for–money auditing with the Provincial Auditor.**

Budget Approval Process

Currently, the Provincial Auditor must go through the same channels as government departments to get funding. As a result, the Government may control the scope of the Provincial Auditor's activities and impact the independence of the Auditor.

In the next session of the Legislature, the Government will introduce legislative amendments to have the budget of the Provincial Auditor approved by the Board of Internal Economy, an all party committee.

ACCOUNTABILITY OF GOVERNMENT ORGANIZATIONS

The Government operates programs and services through a number of different types of government organizations such as departments, agencies, commissions, and crown corporations. Improved financial reporting will provide more control over spending and improve government accountability.

The Government will address this in three ways: by improving financial reporting requirements; by changing the budget review process; and by strengthening financial information disclosure.

Reporting Requirements

A number of government organizations are not currently required to provide their financial statements to the Legislature by a date imposed by law. Consistent and timely submission of financial statements will improve the usefulness of the information for the public.

Legislative amendments will require all government organizations to submit their financial statements to the Legislature within specified time constraints.

Budget Review

Not all government organizations go through the same rigorous budget process as government departments.

To remedy this, the Government will change the budget process for government organizations to increase accountability over their spending.

Expenditure Scrutiny

There are a large number and variety of publicly funded institutions. It is important that any process for improvement begins with those institutions that are more closely controlled by the Government. These include government organizations such as departments, agencies, commissions, and crown corporations. Once this is accomplished the Government may expand the process to determine how it should impact other publicly funded institutions.

All government organizations do not provide financial information with the same level of detail as provided by government departments.

Increased disclosure by government organizations is necessary for the public to hold them truly accountable.

As a result, the Government will strengthen disclosure requirements for government organizations funded primarily by tax dollars.

TIMELY AND RELEVANT FINANCIAL INFORMATION

Providing information that is timely, relevant and accessible promotes accountability to the public.

The Government will provide this by increasing the timeliness, relevance and accessibility of information.

Timely Information

To provide the public with information to evaluate government performance on spending, **the Government will issue a statement mid-way through the year which details and explains the Government's forecasted financial position.**

The established practice is to release the main financial statement as part of the annual Public Accounts. From time to time, this has meant the main financial statement is released long after the audit is complete. To provide the public with more timely information, **the Government will release the main financial statement of the Province to the public immediately upon completion of the audit.**

There has never been a deadline imposed by law for presenting the Public Accounts to the Legislature. **Legislative amendments will require the Public**

Accounts to be completed by November and provided to the Legislature as soon as the House is in session.

Relevant Information

The Government satisfies accountability by providing a large quantity of information. However, more information does not necessarily mean better information. Too much information becomes unmanageable, confusing and may distort the overall picture. Information must not only be timely but relevant.

With this in mind, **the Government will ask the Public Accounts Committee, an all party committee, in conjunction with the Provincial Auditor to determine the kind of information and the level of detail needed in the Public Accounts.**

To increase the public's ability to assess management performance, **beginning in 1990–91, the Province's main financial statement will include a comparison of the annual Budget to actual results.**

Further, **the annual Budget will include forecasted results for the current year. For example, the 1991–92 Budget will show a current forecast of revenues and spending for 1990–91.**

Accessible Information

Easy access to financial information will improve the public's ability to assess the accountability of government organizations.

The Government will compile and include in the Public Accounts a collection of the financial statements of all government organizations.

FUTURE DIRECTIONS

There are other issues that require further research, not just by the Government but by the professional accounting bodies as well. Two of these issues are the preparation of a comprehensive financial statement and the reporting of pension liabilities. Developments over time will continue to impact the accountability process.

CONCLUSION

To secure the Province's future, we are all responsible for the efficient, effective and economical use, and allocation of our resources. The Government's agenda for improved accountability provides a framework that will enhance our collective ability to make responsible choices.